

AMENDED IN SENATE AUGUST 27, 2003

AMENDED IN SENATE JULY 21, 2003

AMENDED IN SENATE JUNE 24, 2003

AMENDED IN ASSEMBLY APRIL 22, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 304

Introduced by Assembly Member Mullin
(Principal coauthor: Senator Torlakson)

February 6, 2003

An act to amend Sections ~~51505 and 53533~~ of 51451.5, 51505, 51615, 51628, 51642, 51643.5, 51648, 51650, 51651, 51652, 51654, 51670, and 53533 of, and to repeal Section 51646 of, the Health and Safety Code, relating to housing *and making an appropriation therefor*.

LEGISLATIVE COUNSEL'S DIGEST

AB 304, as amended, Mullin. Housing: downpayment assistance *and guaranty insurance*.

~~Under~~

(1) *Under* existing law, the California Housing Finance Agency administers a downpayment assistance program under which the amount of downpayment assistance may not exceed 3% of the home sales price. The Housing and Emergency Shelter Trust Fund Act of 2002, also allocates certain housing bond revenues for downpayment assistance to teachers and school personnel under programs operated by the agency, with assistance limited to \$7,500 or 3% of the purchase price, and to low-income first-time homebuyers who, as documented

to the agency by a nonprofit organization certified and funded to provide homeownership counseling, are purchasing a residence in a community revitalization area targeted by the nonprofit organization and have received homeownership counseling from the nonprofit organization.

This bill would, *among other things*, authorize the agency, as specified, to establish higher assistance limits for that downpayment assistance to teachers and school personnel. The bill would limit, to specified neighborhoods identified by nonprofit organizations, the downpayment assistance under that act for low-income first-time homebuyers and require 50% of the funds available for that purpose under the act to be available for downpayment assistance not to exceed 6% of the home sales price for a specified period. The bill would also make conforming changes.

(2) *Existing law establishes the California Housing Loan Insurance Fund, which is continuously appropriated to the agency for the purpose of insuring loans for single family and multifamily residential housing and insuring bonds issued by governmental agencies for purposes of financing housing affordable to persons and families of low or moderate income. Premiums received from the insurance is deposited in the fund.*

This bill would expand the categories of persons who may be qualified for loan insurance, as specified, until January 1, 2011, provide that the insured loans may be secured by deeds of trust, and authorize insurance for bonds issued by other types of issuers approved by the board of directors of the agency, thereby making an appropriation by expanding the class of persons, types of loans, and bond issuers eligible for insurance and payments under the fund. The bill would also make technical, clarifying changes.

(3) *This bill would incorporate additional changes in Section 53533 of the Health and Safety Code proposed by this bill and AB 1475 that would become operative only if either both bills are chaptered and become effective on or before January 1, 2004, and this bill is chaptered last.*

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: no.



The people of the State of California do enact as follows:

SECTION 1. *Section 51451.5 of the Health and Safety Code, as added by Section 2 of Chapter 26 of the Statutes of 2002, is amended to read:*

51451.5. The Homebuyer Down Payment Assistance Program of 2002 is hereby established, to provide assistance in the amount of the applicable school facility fee on affordable housing developments. The Homebuyer Down Payment Assistance Program of 2002 shall, with funds provided by the Housing and Emergency Shelter Trust Fund Act of 2002 (Part 11 (commencing with Section 53500)), provide the following assistance:

(a) Downpayment assistance to the purchaser of any newly constructed residential structure in a development project in an economically distressed area in the amount of school facility fees paid pursuant to Section 65995.5 or 65995.7 of the Government Code, less the amount that would be required pursuant to subdivision (b) of Section 65995 of the Government Code, notwithstanding Sections 65995.5 and 65995.7 of the Government Code, if all of the following conditions are met:

(1) The development project is located in a county with an unemployment rate that equals or exceeds 125 percent of the state unemployment rate.

(2) Five hundred or more residential structures have been constructed in the county during 2001.

(3) A building permit for an eligible residential structure in the development project is issued by the local agency on or after January 1, 2002.

(4) The eligible residential structure is to be owner occupied for at least five years. If a structure is owner occupied for fewer than five years, the recipient of the assistance shall repay the School Facilities Fee Assistance Fund the amount of the assistance, on a prorated basis.

(5) The sales price of the eligible residential structure does not exceed 175 percent of the median sales price of residential structures in the county during the average of the previous five years. *However, if the five-year average exceeds the Governmental-Sponsored Enterprises conforming loan limit, the sales price in that county shall not exceed 100 percent of the*

1 median sales price of residential structures in the county during the
2 average of the previous five years.

3 (b) Downpayment assistance to the purchaser of any newly
4 constructed residential structure in a development project in the
5 aggregate amount of school facility fees paid pursuant to one, all,
6 or any combination of subdivision (b) of Section 65995, Section
7 65995.5, or Section 65995.7 of the Government Code for the
8 eligible residential structure if all of the following conditions are
9 met:

10 (1) The assistance is provided to a qualified first-time
11 homebuyer pursuant to Section 50068.5.

12 (2) The qualified first-time homebuyer does not exceed the
13 lower or moderate-income requirements in Section 50093.

14 (3) A building permit for an eligible residential structure in the
15 development project is issued by the local agency on or after
16 January 1, 2002.

17 (4) The eligible residential structure is to be owner occupied for
18 at least five years. If a structure is owner occupied for fewer than
19 five years, the recipient of the assistance shall repay the School
20 Facilities Fee Assistance Fund the amount of the assistance, on a
21 prorated basis.

22 *SEC. 2. Section 51451.5 of the Health and Safety Code, as*
23 *amended by Section 18 of Chapter 935 of the Statutes of 2002, is*
24 *amended to read:*

25 51451.5. The Homebuyer Down Payment Assistance
26 Program of 2002 is hereby established, to provide assistance in the
27 amount of the applicable school facility fee on affordable housing.
28 The Homebuyer Down Payment Assistance Program of 2002
29 shall, with funds provided by the Kindergarten-University Public
30 Education Facilities Bond Acts of 2002 and 2004 (Part 68.1
31 (commencing with Section 100600) of the Education Code; and
32 Part 68.2 (commencing with Section 100800) of the Education
33 Code), provide the following assistance:

34 (a) Downpayment assistance to the purchaser of any newly
35 constructed residential structure in a development project in an
36 economically distressed area in the amount of school facility fees
37 paid pursuant to Section 65995.5 or 65995.7 of the Government
38 Code, less the amount that would be required pursuant to
39 subdivision (b) of Section 65995 of the Government Code,



1 notwithstanding Sections 65995.5 and 65995.7 of the Government
2 Code, if all of the following conditions are met:

3 (1) The development project is located in a county with an
4 unemployment rate that equals or exceeds 125 percent of the state
5 unemployment rate.

6 (2) Five hundred or more residential structures have been
7 constructed in the county during 2001.

8 (3) A building permit for an eligible residential structure in the
9 project is issued by the local agency on or after January 1, 2002.

10 (4) The eligible residential structure is to be owner occupied for
11 at least five years. If a structure is owner occupied for fewer than
12 five years, the recipient of the assistance shall repay the School
13 Facilities Fee Assistance Fund the amount of the assistance, on a
14 prorated basis.

15 (5) The sales price of the eligible residential structure does not
16 exceed 175 percent of the median sales price of residential
17 structures in the county during the average of the previous five
18 years. *However, if the five-year average exceeds the*
19 *Governmental-Sponsored Enterprises conforming loan limit, the*
20 *sales price in that county shall not exceed 100 percent of the*
21 *median sales price of residential structures in the county during the*
22 *average of the previous five years.*

23 (b) Downpayment assistance to the purchaser of any newly
24 constructed residential structure in a development project in the
25 aggregate amount of school facility fees paid pursuant to one, all,
26 or any combination of subdivision (b) of Section 65995, Section
27 65995.5, or Section 65995.7 of the Government Code for the
28 eligible residential structure if all of the following conditions are
29 met:

30 (1) The assistance is provided to a qualified first-time home
31 buyer pursuant to Section 50068.5.

32 (2) The qualified first-time home buyer does not exceed the
33 lower or moderate-income requirements in Section 50093.

34 (3) A building permit for an eligible residential structure in the
35 project is issued by the local agency on or after January 1, 2002.

36 (4) The eligible residential structure is to be owner occupied for
37 at least five years. If a structure is owner occupied for fewer than
38 five years, the recipient of the assistance shall repay the School
39 Facilities Fee Assistance Fund the amount of the assistance, on a
40 prorated basis.

1 SEC. 3. Section 51505 of the Health and Safety Code is
2 amended to read:

3 51505. (a) In addition to the downpayment assistance
4 program authorized by Section 51504, and notwithstanding any
5 provision of Section 51504 to the contrary, the agency shall
6 provide downpayment assistance from the funds set aside pursuant
7 to subparagraph (D) of paragraph (7) of subdivision (a) of Section
8 53533 for the purposes of the portion of the Extra Credit Teacher
9 Home Purchase Program provided for in subdivision (g) of
10 Section 8869.84 of the Government Code and any other school
11 personnel home ownership assistance programs as set forth by the
12 California Debt Limit Allocation Committee, as operated by the
13 agency. Notwithstanding the foregoing, the agency may, but is not
14 required to, provide downpayment assistance pursuant to this
15 section to any local issuer participating in the Extra Credit Teacher
16 Home Purchase Program and any other school personnel home
17 ownership assistance programs as set forth by the California Debt
18 Limit Allocation Committee.

19 (b) Downpayment assistance for purposes of this section shall
20 be subject to, and shall meet the requirements of, the Extra Credit
21 Teacher Home Purchase Program and any other school personnel
22 home ownership programs as set forth by the California Debt
23 Limit Allocation Committee, and shall include, but not be limited
24 to, deferred payment, low interest rate loans where payment of
25 principal and interest is deferred until the time that the home is sold
26 or refinanced. This downpayment assistance shall meet the
27 requirements of subdivisions (d) and (e) of Section 51504.

28 (c) Loans made pursuant to this section may include a provision
29 whereby interest, principal, or both, of the loan is forgiven upon
30 conditions to be established by the agency, or any other provision
31 designed to carry out the purposes of the Extra Credit Teacher
32 Home Purchase Program and any other school personnel home
33 ownership programs as set forth by the California Debt Limit
34 Allocation Committee.

35 (d) Downpayment assistance pursuant to this section shall not
36 exceed the greater of seven thousand five hundred dollars (\$7,500)
37 or 3 percent of the home sales price. However, the agency may,
38 with the concurrence of the California Debt Limit Allocation
39 Committee, establish higher assistance limits where necessary to



1 ensure sufficient assistance to allow program participation in high
2 cost areas.

3 ~~SEC. 2. Section 53533 of the Health and Safety Code is~~
4 ~~amended to read:~~

5 ~~53533. (a) Money deposited in the fund from the sale of~~
6 ~~bonds pursuant to this part shall be allocated for expenditure in~~
7 ~~accordance with the following schedule:~~

8 ~~(1) Nine hundred ten million dollars (\$910,000,000) shall be~~
9 ~~transferred to the Housing Rehabilitation Loan Fund to be~~
10 ~~expended for the Multifamily Housing Program authorized by~~
11 ~~Chapter 6.7 (commencing with Section 50675) of Part 2, except~~
12 ~~for the following:~~

13 ~~(A) Fifty million dollars (\$50,000,000) shall be transferred to~~
14 ~~the Preservation Opportunity Fund and, notwithstanding Section~~
15 ~~13340 of the Government Code, is continuously appropriated~~
16 ~~without regard to fiscal years for the preservation of at-risk~~
17 ~~housing pursuant to Chapter 5 (commencing with Section 50600)~~
18 ~~of Part 2.~~

19 ~~(B) Twenty million dollars (\$20,000,000) shall be used for~~
20 ~~nonresidential space for supportive services, including, but not~~
21 ~~limited to, job training, health services, and child care within, or~~
22 ~~immediately proximate to, projects to be funded under the~~
23 ~~Multifamily Housing Program. This funding shall be in addition~~
24 ~~to any applicable per-unit or project loan limits and may be in the~~
25 ~~form of a grant. Service providers shall ensure that services are~~
26 ~~available to project residents on a priority basis over the general~~
27 ~~public.~~

28 ~~(C) Twenty five million dollars (\$25,000,000) shall be used for~~
29 ~~matching grants to local housing trust funds pursuant to Section~~
30 ~~50843.~~

31 ~~(D) Fifteen million dollars (\$15,000,000) shall be used for~~
32 ~~student housing through the Multifamily Housing Program,~~
33 ~~subject to the following provisions:~~

34 ~~(i) The department shall give first priority for projects on land~~
35 ~~owned by a University of California or California State University~~
36 ~~campus. Second priority shall be given to projects located within~~
37 ~~one mile of a University of California or California State~~
38 ~~University campus that is suffering from a severe shortage of~~
39 ~~housing and limited availability of developable land as determined~~
40 ~~by the department. Those determinations shall be set forth in the~~

~~Notice of Funding Availability and shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.~~

~~(ii) All funds shall be matched on a one-to-one basis from private sources or by the University of California or California State University. For the purposes of this subparagraph, “University of California” includes the Hastings College of the Law.~~

~~(iii) Occupancy for the units shall be restricted to students enrolled on a full-time basis in the University of California or California State University.~~

~~(iv) Income eligibility pursuant to the Multifamily Housing Program shall be established by verification of the combined income of the student and his or her family.~~

~~(v) Any funds not used for this purpose within 24 months of the date that the funds are made available shall be awarded pursuant to subdivision (a) for the Downtown Rebound Program as set forth in paragraph (1) of subdivision (c) of Section 50898.2.~~

~~(E) Any funds not encumbered for the purposes set forth in this paragraph, except subparagraph (D), within 30 months of availability shall revert to the Housing Rehabilitation Loan Fund created by Section 50661 for general use in the Multifamily Housing Program.~~

~~(2) One hundred ninety-five million dollars (\$195,000,000) shall be transferred to the Emergency Housing and Assistance Fund to be expended for the Emergency Housing and Assistance Program authorized by Chapter 11.5 (commencing with Section 50800 of Part 2).~~

~~(3) One hundred ninety-five million dollars (\$195,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2, to be used for supportive housing projects for individuals and households moving from emergency shelters or transitional housing or those at risk of homelessness. The criteria for selecting projects should give priority to supportive housing for people with disabilities who would otherwise be at high risk of homelessness where the applications represent collaboration with programs that meet the needs of the person’s disabilities. The department may provide for higher per-unit loan limits as reasonably necessary to~~

1 ~~provide and maintain rents affordable to those individuals and~~
2 ~~households. For purposes of this paragraph, “supportive housing”~~
3 ~~means housing with no limit on length of stay, that is occupied by~~
4 ~~the target population, as defined in subdivision (d) of Section~~
5 ~~53260, and that is linked to onsite or offsite services that assist the~~
6 ~~tenant to retain the housing, improve his or her health status,~~
7 ~~maximize his or her ability to live, and, when possible, work in the~~
8 ~~community.~~

9 ~~(4) Two hundred million dollars (\$200,000,000) shall be~~
10 ~~transferred to the Joe Serna, Jr. Farmworker Housing Grant Fund~~
11 ~~to be expended for farmworker housing programs authorized by~~
12 ~~Chapter 3.2 (commencing with Section 50517.5) of Part 2, except~~
13 ~~for the following:~~

14 ~~(A) Twenty-five million dollars (\$25,000,000) shall be used~~
15 ~~for projects that serve migratory agricultural workers as defined in~~
16 ~~subdivision (i) of Section 7602 of Title 25 of the California Code~~
17 ~~of Regulations.~~

18 ~~(B) Twenty million dollars (\$20,000,000) shall be used for~~
19 ~~developments that also provide health services to the residents.~~
20 ~~Recipients of these funds shall be required to provide ongoing~~
21 ~~monitoring of funded developments to ensure compliance with the~~
22 ~~requirements of the Joe Serna, Jr. Farmworker Housing Grant~~
23 ~~Program. Projects receiving funds through this allocation shall be~~
24 ~~ineligible for funding through the Joe Serna, Jr. Farmworker~~
25 ~~Housing Grant Program.~~

26 ~~(C) Any funds not encumbered for the purposes set forth in this~~
27 ~~paragraph within 30 months of availability shall revert for general~~
28 ~~use in the Joe Serna, Jr. Farmworker Housing Grant Program.~~

29 ~~(5) Two hundred five million dollars (\$205,000,000) shall be~~
30 ~~transferred to the Self Help Housing Fund. Notwithstanding~~
31 ~~Section 13340 of the Government Code and Section 50697.1,~~
32 ~~these funds are hereby continuously appropriated without regard~~
33 ~~to fiscal years to the department to be expended for the purposes~~
34 ~~of the CalHome Program authorized by Chapter 6 (commencing~~
35 ~~with Section 50650) of Part 2, except for the following:~~

36 ~~(A) Seventy-five million dollars (\$75,000,000) shall be~~
37 ~~transferred to the Building Equity and Growth in Neighborhoods~~
38 ~~Fund to be used for the Building Equity and Growth in~~
39 ~~Neighborhoods (BEGIN) Program pursuant to Chapter 14.5~~
40 ~~(commencing with Section 50860) of Part 1.~~

~~(B) Five million dollars (\$5,000,000) shall be used to provide grants to cities, counties, cities and counties, and nonprofit organizations to provide grants for lower income tenants with disabilities for the purpose of making exterior modifications to rental housing in order to make that housing accessible to persons with disabilities. For the purposes of this subparagraph, "exterior modifications" includes modifications that are made to entryways or to common areas of the structure or property. The program provided for under this subparagraph shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.~~

~~(C) Ten million dollars (\$10,000,000) shall be expended for construction management under the California Self-Help Housing Program pursuant to subdivision (b) of Section 50696.~~

~~(D) Any funds not encumbered for the purposes set forth in this paragraph within 30 months of availability shall revert for general use in the CalHome Program.~~

~~(6) Five million dollars (\$5,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for capital expenditures in support of local code enforcement and compliance programs. This allocation shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code. If the moneys allocated pursuant to this paragraph are not expended within three years after being transferred, the department may, in its discretion, transfer the moneys to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program.~~

~~(7) Two hundred ninety million dollars (\$290,000,000) shall be transferred to the Self-Help Housing Fund. Notwithstanding Section 50697.1, these funds are hereby continuously appropriated to the agency to be expended for the purposes of the California Homebuyer's Downpayment Assistance Program authorized by Chapter 11 (commencing with Section 51500) of Part 3, except for the following:~~

~~(A) Fifty million dollars (\$50,000,000) shall be transferred to the School Facilities Fee Assistance Fund as provided by subdivision (a) of Section 51453 to be used for the Homebuyer Down Payment Assistance Program of 2002 established by Section 51451.5.~~

1 ~~(B) Eighty-five million dollars (\$85,000,000) shall be~~
2 ~~transferred to the California Housing Loan Insurance Fund to be~~
3 ~~used for purposes of Part 4 (commencing with Section 51600):~~

4 ~~(C) (i) Twelve million five hundred thousand dollars~~
5 ~~(\$12,500,000) shall be reserved for downpayment assistance to~~
6 ~~low-income first-time homebuyers who, as documented to the~~
7 ~~agency by a nonprofit organization certified and funded to provide~~
8 ~~homeownership counseling by a federally funded national~~
9 ~~nonprofit corporation, are purchasing a residence in a community~~
10 ~~revitalization area targeted by the nonprofit organization and who~~
11 ~~has received homeownership counseling from the nonprofit~~
12 ~~organization. Community revitalization areas shall be limited to~~
13 ~~targeted neighborhoods identified by qualified nonprofit~~
14 ~~organizations as those neighborhoods in need of economic~~
15 ~~stimulation, renovation, and rehabilitation through efforts that~~
16 ~~include increased homeownership opportunities for low-income~~
17 ~~families.~~

18 ~~(ii) Effective January 1, 2004, 50 percent of the funds available~~
19 ~~pursuant to clause (i) shall be available for downpayment~~
20 ~~assistance in an amount not to exceed 6 percent of the home sales~~
21 ~~price.~~

22 ~~(iii) After 12 months of availability, if more than 50 percent of~~
23 ~~the funds set aside pursuant to clause (ii) have been encumbered,~~
24 ~~the agency shall discontinue that program and make all remaining~~
25 ~~funds available for downpayment assistance pursuant to clause (i).~~
26 ~~If, however, less than 50 percent of the funds allocated pursuant~~
27 ~~to clause (ii) are encumbered after that 12-month period, the~~
28 ~~agency may, at its sole discretion, either make all remaining funds~~
29 ~~provided pursuant to clause (i) available for the purpose of clause~~
30 ~~(ii), or may continue to implement clause (ii) until all of the funds~~
31 ~~allocated for that purpose as of January 1, 2004, have been~~
32 ~~encumbered.~~

33 ~~(D) Twenty-five million dollars (\$25,000,000) shall be used~~
34 ~~for downpayment assistance pursuant to Section 51505. After 18~~
35 ~~months of availability, if the agency determines that the funds set~~
36 ~~aside pursuant to this section will not be utilized for purposes of~~
37 ~~Section 51505, these funds shall be available for the general use~~
38 ~~of the agency for the purposes of the California Homebuyer's~~
39 ~~Downpayment Assistance Program, but may also continue to be~~
40 ~~available for the purposes of Section 51505.~~

~~(E) Funds not utilized for the purposes set forth in subparagraphs (B) and (C) within 30 months shall revert for general use in the California Homebuyer's Downpayment Assistance Program.~~

~~(8) One hundred million dollars (\$100,000,000) shall be transferred to the Jobs Housing Improvement Account to be expended as capital grants to local governments for increasing housing pursuant to enabling legislation. If the enabling legislation fails to become law in the 2001-02 Regular Session of the Legislature, the specified allocation for this program shall be void and the funds shall revert for general use in the Multifamily Housing Program as specified in paragraph (1) of subdivision (a).~~

~~(b) No portion of the money allocated pursuant to this section may be expended for project operating costs, except that this section does not preclude expenditures for operating costs from reserves required to be maintained by or on behalf of the project sponsor.~~

~~(e) The Legislature may, from time to time, amend the provisions of law related to programs to which funds are, or have been, allocated pursuant to this section for the purpose of improving the efficiency and effectiveness of the program, or for the purpose of furthering the goals of the program.~~

~~(d) The Bureau of State Audits shall conduct periodic audits to ensure that bond proceeds are awarded in a timely fashion and in a manner consistent with the requirements of this part, and that awardees of bond proceeds are using funds in compliance with applicable provisions of this part.~~

SEC. 4. Section 51615 of the Health and Safety Code is amended to read:

51615. (a) Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of; and Article 9 (commencing with Section 11120) of Chapter 1 of, Chapter 3.5 (commencing with Section 11340) of, Chapter 4 (commencing with Section 11370) of, and Chapter 5 (commencing with Section 11500) of, Part 1 of Division 3 of Title 2 of; the Government Code shall ~~not~~ apply to *the agency with respect to the administration of the insurance fund.*

(b) Notwithstanding subdivision (a), the provisions described in that subdivision shall not apply to any of the following: the

(1) The agency's activities and records relating to establishing rates and premiums;~~the.~~

1 ~~(2) Bids or contracts—development of bids~~ for insurance,
2 ~~coinsurance, and reinsurance; or to other.~~

3 (3) *Other* matters necessary to maintain the competitiveness of
4 the agency in the mortgage insurance industry, *including, but not*
5 *limited to, the development of financial products.*

6 SEC. 5. *Section 51628 of the Health and Safety Code is*
7 *amended to read:*

8 51628. The agency shall, after a reasonable time during which
9 it may establish a business, be ~~fairly~~ competitive with other
10 insurers, and it is the intent of the Legislature that the insurance
11 fund shall ultimately become neither more nor less than
12 self-supporting. However, this section shall not be construed to
13 preclude the insurance fund from operating in a manner that will
14 permit the agency to create additional reserves from operations in
15 order that the agency can maximize its insurance capacity.

16 SEC. 6. *Section 51642 of the Health and Safety Code is*
17 *amended to read:*

18 51642. (a) The obligation of the agency and of the state to pay
19 any insurance benefit pursuant to contracts of insurance insuring
20 loans or bonds shall not exceed amounts deposited in the insurance
21 fund ~~which~~ *that* are made available therefor under the respective
22 contracts of insurance. Nothing in this part shall require the
23 Legislature to appropriate moneys from the General Fund in the
24 State Treasury to the insurance fund on account of these
25 obligations. The insurance of loans or bonds under this part shall
26 not directly, indirectly, or contingently obligate the state or any
27 political subdivision thereof to levy or to pledge any form of
28 taxation whatever therefor or to make any appropriation for their
29 payment.

30 (b) All contracts of insurance insuring loans or bonds pursuant
31 to this part shall contain on the face thereof a statement to the
32 following effect: “Neither the faith and credit nor the taxing power
33 of the State of California is pledged to the payment of the principal
34 of or interest on this contract of insurance.”

35 (c) Moneys in the insurance fund received from the proceeds
36 of bonds issued pursuant to the California Housing and Jobs
37 Investment Bond Act may not be transferred to any other fund of
38 the agency except as necessary to pay the expenses of operating the
39 program of loan and bond insurance for single-family residential
40 housing authorized by this part, nor shall the agency utilize any of

1 these moneys under the direction and control of the agency, other
2 than moneys in the insurance fund, to satisfy liabilities arising
3 from contracts of insurance authorized by this part.

4 (d) Moneys in the insurance fund may not be transferred to any
5 other fund of the agency except as necessary to pay the expenses
6 of operating the program of loan and bond insurance authorized by
7 this part, nor shall the agency utilize any moneys under the
8 direction and control of the agency to satisfy liabilities arising
9 from contracts of insurance authorized by this part.

10 (e) The agency, on behalf of, *or for the benefit of*, the California
11 Housing Loan Insurance Fund, may borrow or receive moneys
12 from the agency or from any federal, state, or local agency or
13 private entity, *or may pledge funds from the California Housing*
14 *Finance Fund*, in order to create *or support* reserves in the
15 insurance fund for loan or bond insurance as provided in this part
16 and as authorized by resolution of the board of directors.

17 (f) The agency shall create a separate reserve account for
18 insuring mortgages of multifamily housing developments which
19 shall consist of all of the following:

20 (1) Funds transferred by redevelopment agencies pursuant to
21 Section 33334.2. The use of these funds shall be consistent with
22 Section 33334.4.

23 (2) Any other funds available for insuring mortgages of
24 multifamily housing developments as may be made available for
25 that purpose by law and as provided in this part.

26 (g) Reserve funds for the single-family mortgage guarantee
27 insurance program and the multifamily residential mortgage
28 guaranty insurance program shall not be commingled.

29 *SEC. 7. Section 51643.5 of the Health and Safety Code is*
30 *amended to read:*

31 51643.5. (a) The agency shall be subject to, and comply
32 with, the same reserve certification requirements as mortgage
33 guaranty insurers who are licensed pursuant to Chapter 2A
34 (commencing with Section 12640.01) of Part 6 of Division 2 of the
35 Insurance Code.

36 (b) *The agency shall not otherwise be subject to the Insurance*
37 *Code with respect to the operation of the insurance fund, except as*
38 *provided in this part.*

39 *SEC. 8. Section 51646 of the Health and Safety Code is*
40 *repealed.*

~~51646. Insured loans shall not be made available pursuant to this part in areas where there exists widespread damage of a substantial nature to residential structures resulting from any natural or other disaster, including fire, flood, wind, and earthquake.~~

SEC. 9. Section 51648 of the Health and Safety Code is amended to read:

~~51648. The~~ While maintaining the actuarial soundness of the fund, the agency shall make efforts to equitably do both of the following:

(a) Equitably distribute insurance based on a regionalized basis, weighted in accordance with the geographic distribution of the state's population. ~~While maintaining the actuarial soundness of the fund, the agency shall focus~~

(b) Focus on housing opportunities that benefit any of the households following:

(1) Households with incomes at or below area median income; ~~households.~~

(2) Households that require mortgages at or above 95 percent of the price of the home, ~~or households.~~

(3) Households that are participating in locally administered housing programs.

SEC. 10. Section 51650 of the Health and Safety Code is amended to read:

51650. (a) (1) To be qualified for loan insurance, a borrower shall be, or by reason of a loan insured pursuant to this part shall become, the owner of a multifamily rental housing development or a single-family residential structure for which an insured loan is authorized, and shall be able to bear the usual expenses of maintaining the housing development, development, or structure and repay the loan. ~~To~~

(2) To be qualified for loan insurance on a single-family residential housing unit, the borrower shall also ~~qualify~~ do either of the following:

(A) Qualify as a person or family of low or moderate income, as that term is defined in Section 51603. ~~The~~

(B) Until January 1, 2011, otherwise meet the requirements for participation in an affordable housing program or product offered by the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Association (Freddie Mac).

1 (3) The agency may, by resolution, establish additional
2 requirements that it deems necessary to accomplish the purposes
3 of this part.

4 (b) For the purpose of increasing the efficiency and minimizing
5 the cost of the loan insurance program, the agency may insure or
6 issue commitments to insure loans upon the certification of an
7 officer of an approved lending institution that the borrower is
8 qualified for loan insurance according to eligibility requirements
9 specified by the agency.

10 (c) No later than January 1, 2009, the agency shall report to the
11 chairs of the housing committees of the Senate and the Assembly
12 on the types of programs that were offered pursuant to
13 subparagraph (B) of paragraph (2) of subdivision (a).

14 SEC. 11. Section 51651 of the Health and Safety Code is
15 amended to read:

16 51651. (a) The agency shall specify the percentage of the
17 outstanding principal indebtedness ~~which~~ that may be insured
18 under this part with respect to each category of loan authorized to
19 be insured under this part. ~~Loans not secured by a mortgage of first~~
20 ~~priority may be insured for an amount equal to 100 percent of the~~
21 ~~outstanding principal indebtedness. All other categories of loans~~
22 ~~may be insured only for the percentage of the amount of risk that~~
23 ~~the agency determines is necessary to induce approved lending~~
24 ~~institutions to make the loans for the purposes specified in this part.~~

25 (b) The agency may insure loans secured by mortgages or deeds
26 of trust of first or second priority.

27 SEC. 12. Section 51652 of the Health and Safety Code is
28 amended to read:

29 51652. Loans insured under this part shall meet all of the
30 following requirements:

31 (a) The loans shall be made for a period acceptable to the
32 agency not to exceed 40 years ~~or four-fifths of the remaining life~~
33 ~~of the structure, as determined by the agency, whichever is less.~~

34 (b) The loans shall be subject to maximum loan amounts for
35 each category of loan authorized to be insured under this part.

36 (c) The loans shall be secured by mortgages *or deeds of trust*,
37 or the loan shall be wholly or partially insured or guaranteed by an
38 agency or instrumentality of the United States, except for property
39 improvement loans under limits established by the agency.

1 (d) The agency may establish loan-to-value limitations for each
2 category of loan and may set forth limitations on the further
3 encumbrance of structures and other real property securing loans,
4 but only to the extent necessary to prevent unreasonable
5 impairment of the agency's security. In no case involving
6 refinancing *and rehabilitation* shall the loan have a principal
7 obligation in an amount exceeding the sum of the estimated cost
8 of rehabilitation, if any, and the amount required to refinance
9 existing indebtedness secured by the property and settlement and
10 closing costs incurred in connection therewith.

11 (e) Loans involving the rehabilitation of residential structures
12 shall have a principal obligation not exceeding an amount which,
13 when added to any outstanding indebtedness constituting a lien
14 upon the property securing the loan, creates a total outstanding
15 indebtedness which would be reasonably secured by a mortgage
16 of first priority on the property pursuant to subdivision (d), and as
17 set forth by the agency.

18 (f) Loans involving refinancing may be insured only if
19 refinancing is necessary to permit a borrower to afford the cost of
20 rehabilitation, to lower his or her monthly debt-to-income
21 payments, minimize rent increases for occupants of the residential
22 structure, where the rents would otherwise exceed affordable rents
23 due to the expense of rehabilitation, or to achieve another purpose
24 specified in this division.

25 (g) With respect to loans involving the rehabilitation of a
26 residential structure, the agency shall determine that the
27 rehabilitation is economically feasible. For purposes of this
28 subdivision, the economic feasibility of rehabilitation projects
29 involving commercial space in a mixed residential and
30 commercial structure shall be determined independently for any
31 structure to be rehabilitated for mixed residential and commercial
32 uses.

33 (h) For the purpose of increasing the efficiency and minimizing
34 the cost of the loan insurance program, the agency may insure, or
35 issue commitments to insure, loans, upon the certification of an
36 officer of an approved lending institution that the proposed
37 rehabilitation conforms to requirements specified by the agency
38 regarding economic feasibility.

39 (i) The agency shall contract with the insured or the borrower,
40 or both, during the term of the insurance if the agency determines

1 that either or both of those contracts is necessary to maintain
2 residential rentals available to lower income households at
3 affordable rents.

4 (j) Relocation payments shall be made to persons and families
5 displaced in making a site or residential structure available for
6 rehabilitation or construction financed by loans insured under this
7 part, and relocation advisory assistance provided to those persons,
8 as specified by Section 51063. Relocation payments for
9 rehabilitation or construction financed by loans insured by this
10 part, shall also be made to owners involuntarily displaced because
11 of inability to afford costs of compliance required pursuant to this
12 part, but any payment pursuant to Section 4623 of Title 42 of the
13 United States Code or Section 7263 of the Government Code shall
14 be limited to the reasonable costs of a replacement dwelling
15 adequate to accommodate the displaced person or family without
16 regard to whether the dwelling is otherwise comparable to the
17 dwelling formerly occupied, less the amount received from sale of
18 the dwelling. Relocation payments may be made from the
19 proceeds of insured loans as authorized by the agency.

20 (k) The residential structure for which a loan is insured
21 pursuant to this part shall be insured against loss due to fire and
22 other causes, as provided by the agency.

23 (l) Any other terms and conditions as the agency determines are
24 necessary to further the purposes of this part.

25 *SEC. 13. Section 51654 of the Health and Safety Code is*
26 *amended to read:*

27 51654. The agency may provide insurance pursuant to this
28 part for ~~loans for residential~~ all of the following:

29 (a) *Loans for residential structures which that* will be occupied
30 primarily by persons and families of low or moderate income ~~and~~
31 ~~for loans~~.

32 (b) *Loans for privately or publicly financed rental housing*
33 ~~developments which that~~ will benefit lower income households.
34 “Privately financed rental housing development,” as used in this
35 ~~section~~ subdivision, includes rental housing developments
36 financed by local public entities, as defined in Section 50079.

37 (c) *Loans that otherwise meet the requirements for*
38 *participation in an affordable housing program or product offered*
39 *by the Federal National Mortgage Association (Fannie Mae) or*
40 *the Federal Home Loan Mortgage Association (Freddie Mac).*

1 *SEC. 14. Section 51670 of the Health and Safety Code is*
2 *amended to read:*

3 51670. (a) The agency may insure bonds issued by state or
4 local agencies, *or other types of issuers approved by the board of*
5 *directors of the agency*, to finance or refinance the construction,
6 rehabilitation, acquisition, or preservation of single-family and
7 multifamily residential housing for persons and families of low
8 and moderate income. The agency may charge and collect
9 insurance premiums for the insurance and fees for services
10 performed in conjunction with the processing and approval of
11 insurance applications as determined by the agency. The agency
12 shall take all reasonable steps to ensure that bonds insured pursuant
13 to this chapter are in a form satisfactory to the agency and contain
14 provisions relating to the underlying security for the bonds as may
15 be required by the agency.

16 (b) The agency shall take reasonable steps to ensure that both
17 of the following occur:

18 (1) The bonds contain, or are subject to, terms respecting
19 repayment, dates of maturity, and other provisions satisfactory to
20 the agency.

21 (2) The bonds contain, or are subject to, provisions that the
22 agency deems necessary with respect to security interests of the
23 agency, including provisions relating to subrogation, liens and
24 releases of liens, payment of taxes, escrow or trusteeship
25 requirements, or other matters.

26 *SEC. 15. Section 53533 of the Health and Safety Code is*
27 *amended to read:*

28 53533. (a) Money deposited in the fund from the sale of
29 bonds pursuant to this part shall be allocated for expenditure in
30 accordance with the following schedule:

31 (1) Nine hundred ten million dollars (\$910,000,000) shall be
32 transferred to the Housing Rehabilitation Loan Fund to be
33 expended for the Multifamily Housing Program authorized by
34 Chapter 6.7 (commencing with Section 50675) of Part 2, except
35 for the following:

36 (A) Fifty million dollars (\$50,000,000) shall be transferred to
37 the Preservation Opportunity Fund and, notwithstanding Section
38 13340 of the Government Code, is continuously appropriated
39 without regard to fiscal years for the preservation of at-risk

1 housing pursuant to ~~enabling legislation Chapter 5 (commencing~~
2 ~~with Section 50600) of Part 2.~~

3 (B) Twenty million dollars (\$20,000,000) shall be used for
4 nonresidential space for supportive services, including, but not
5 limited to, job training, health services, and child care within, or
6 immediately proximate to, projects to be funded under the
7 Multifamily Housing Program. This funding shall be in addition
8 to any applicable per-unit or project loan limits and may be in the
9 form of a grant. Service providers shall ensure that services are
10 available to project residents on a priority basis over the general
11 public.

12 (C) Twenty-five million dollars (\$25,000,000) shall be used for
13 matching grants to local housing trust funds pursuant to ~~enabling~~
14 ~~legislation Section 50843.~~

15 (D) Fifteen million dollars (\$15,000,000) shall be used for
16 student housing through the Multifamily Housing Program,
17 subject to the following provisions:

18 (i) The department shall give first priority for projects on land
19 owned by a University of California or California State University
20 campus. Second priority shall be given to projects located within
21 one mile of a University of California or California State
22 University campus that is suffering from a severe shortage of
23 housing and limited availability of developable land as determined
24 by the department. Those determinations shall be set forth in the
25 Notice of Funding Availability and shall not be subject to the
26 requirements of Chapter 3.5 (commencing with Section 11340) of
27 Part 1 of Title 2 of the Government Code.

28 (ii) All funds shall be matched on a one-to-one basis from
29 private sources or by the University of California or California
30 State University. For the purposes of this subparagraph,
31 “University of California” includes the Hastings College of the
32 Law.

33 (iii) Occupancy for the units shall be restricted to students
34 enrolled on a full-time basis in the University of California or
35 California State University.

36 (iv) Income eligibility pursuant to the Multifamily Housing
37 Program shall be established by verification of the combined
38 income of the student and his or her family.

39 (v) Any funds not used for this purpose within 24 months of the
40 date that the funds are made available shall be awarded pursuant

1 to subdivision (a) for the Downtown Rebound Program as set forth
2 in paragraph (1) of subdivision (c) of Section 50898.2.

3 (E) Any funds not encumbered for the purposes set forth in this
4 paragraph, except subparagraph (D), within 30 months of
5 availability shall revert to the Housing Rehabilitation Loan Fund
6 created by Section 50661 for general use in the Multifamily
7 Housing Program.

8 ~~(F) If the enabling legislation for any program specified in this~~
9 ~~paragraph fails to be enacted into law in the 2001-02 Regular~~
10 ~~Session of the Legislature, the specified allocation for that~~
11 ~~program shall be void and the funds shall revert for general use in~~
12 ~~the Multifamily Housing Program.~~

13 (2) One hundred ninety-five million dollars (\$195,000,000)
14 shall be transferred to the Emergency Housing and Assistance
15 Fund to be expended for the Emergency Housing and Assistance
16 Program authorized by Chapter 11.5 (commencing with Section
17 50800 of Part 2).

18 (3) One hundred ninety-five million dollars (\$195,000,000)
19 shall be transferred to the Housing Rehabilitation Loan Fund to be
20 expended for the Multifamily Housing Program authorized by
21 Chapter 6.7 (commencing with Section 50675) of Part 2, to be
22 used for supportive housing projects for individuals and
23 households moving from emergency shelters or transitional
24 housing or those at risk of homelessness. The criteria for selecting
25 projects should give priority to supportive housing for people with
26 disabilities who would otherwise be at high risk of homelessness
27 where the applications represent collaboration with programs that
28 meet the needs of the person's disabilities. The department may
29 provide for higher per-unit loan limits as reasonably necessary to
30 provide and maintain rents affordable to those individuals and
31 households. For purposes of this paragraph, "supportive housing"
32 means housing with no limit on length of stay, that is occupied by
33 the target population, as defined in subdivision (d) of Section
34 53260, and that is linked to onsite or offsite services that assist the
35 tenant to retain the housing, improve his or her health status,
36 maximize his or her ability to live, and, when possible, work in the
37 community.

38 (4) Two hundred million dollars (\$200,000,000) shall be
39 transferred to the Joe Serna, Jr. Farmworker Housing Grant Fund
40 to be expended for farmworker housing programs authorized by

1 Chapter 3.2 (commencing with Section 50517.5) of Part 2, except
2 for the following:

3 (A) Twenty-five million dollars (\$25,000,000) shall be used
4 for projects that serve migratory agricultural workers as defined in
5 subdivision (i) of Section 7602 of Title 25 of the California Code
6 of Regulations. If, after July 1, 2003, funds remain after the
7 approval of all feasible applications, the department shall be
8 deemed an eligible recipient for the purposes of reconstructing
9 migrant centers operated through the Office of Migrant Services
10 pursuant to Chapter 8.5 (commencing with Section 50710) that
11 would otherwise be scheduled for closure due to health or safety
12 considerations or are in need of significant repairs to ensure the
13 health and safety of the residents. Of the dollars allocated by this
14 section, the department shall receive four million one hundred
15 thousand dollars (\$4,100,000) for these purposes.

16 (B) Twenty million dollars (\$20,000,000) shall be used for
17 developments that also provide health services to the residents.
18 Recipients of these funds shall be required to provide ongoing
19 monitoring of funded developments to ensure compliance with the
20 requirements of the Joe Serna, Jr. Farmworker Housing Grant
21 Program. Projects receiving funds through this allocation shall be
22 ineligible for funding through the Joe Serna, Jr. Farmworker
23 Housing Grant Program.

24 (C) Any funds not encumbered for the purposes set forth in this
25 paragraph within 30 months of availability shall revert for general
26 use in the Joe Serna, Jr. Farmworker Housing Grant Program.

27 (5) Two hundred five million dollars (\$205,000,000) shall be
28 transferred to the Self-Help Housing Fund. Notwithstanding
29 Section 13340 of the Government Code and Section 50697.1,
30 these funds are hereby continuously appropriated without regard
31 to fiscal years to the department to be expended for the purposes
32 of the CalHome Program authorized by Chapter 6 (commencing
33 with Section 50650) of Part 2, except for the following:

34 (A) Seventy-five million dollars (\$75,000,000) shall be
35 transferred to the Building Equity and Growth in Neighborhoods
36 Fund to be used for the Building Equity and Growth in
37 Neighborhoods (BEGIN) Program pursuant to ~~enabling~~
38 ~~legislation~~ Chapter 4.5 (commencing with Section 50860) of Part
39 1.

1 (B) Five million dollars (\$5,000,000) shall be used to provide
2 grants to cities, counties, cities and counties, and nonprofit
3 organizations to provide grants for lower income tenants with
4 disabilities for the purpose of making exterior modifications to
5 rental housing in order to make that housing accessible to persons
6 with disabilities. For the purposes of this subparagraph, “exterior
7 modifications” includes modifications that are made to entryways
8 or to common areas of the structure or property. The program
9 provided for under this subparagraph shall not be subject to the
10 requirements of Chapter 3.5 (commencing with Section 11340) of
11 Part 1 of Title 2 of the Government Code.

12 (C) Ten million dollars (\$10,000,000) shall be expended for
13 construction management under the California Self-Help Housing
14 Program pursuant to subdivision (b) of Section 50696.

15 (D) Any funds not encumbered for the purposes set forth in this
16 paragraph within 30 months of availability shall revert for general
17 use in the CalHome Program.

18 ~~(E) If the enabling legislation for any program specified in this~~
19 ~~paragraph fails to be enacted into law in the 2001-02 Regular~~
20 ~~Session of the Legislature, the specified allocation for that~~
21 ~~program shall be void and the funds shall revert for general use in~~
22 ~~the CalHome Program.~~

23 (6) Five million dollars (\$5,000,000) shall be transferred to the
24 Housing Rehabilitation Loan Fund to be expended for capital
25 expenditures in support of local code enforcement and compliance
26 programs. This allocation shall not be subject to the requirements
27 of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title
28 2 of the Government Code. If the moneys allocated pursuant to this
29 paragraph are not expended within three years after being
30 transferred, the department may, in its discretion, transfer the
31 moneys to the Housing Rehabilitation Loan Fund to be expended
32 for the Multifamily Housing Program.

33 (7) Two hundred ninety million dollars (\$290,000,000) shall be
34 transferred to the Self-Help Housing Fund. Notwithstanding
35 Section 50697.1, these funds are hereby continuously
36 appropriated to the agency to be expended for the purposes of the
37 California Homebuyer’s Downpayment Assistance Program
38 authorized by Chapter 11 (commencing with Section 51500) of
39 Part 3, except for the following:

1 (A) Fifty million dollars (\$50,000,000) shall be transferred to
2 the School Facilities Fee Assistance Fund as provided by
3 subdivision (a) of Section 51453 to be used for the Homebuyer
4 Down Payment Assistance Program of 2002 established by
5 Section 51451.5.

6 (B) Eighty-five million dollars (\$85,000,000) shall be
7 transferred to the California Housing Loan Insurance Fund to be
8 used for purposes of Part 4 (commencing with Section 51600). *The*
9 *agency may transfer these moneys as often as quarterly in amounts*
10 *that shall not exceed the dollar amount of new insurance written*
11 *by the agency during the preceding quarter for both of the*
12 *following:*

13 (i) *Loans for the purchase of homes made to owner-occupant*
14 *borrowers with incomes not exceeding 120 percent of the area*
15 *median income.*

16 (ii) *Loans or bonds for the purpose of financing multifamily*
17 *rental housing developments, where the percentage of units in each*
18 *such development designated for lower income and very low*
19 *income households is consistent with the requirements of Chapter*
20 *6.7 (commencing with Section 51325), divided by the*
21 *risk-to-capital ratio required for the maintenance of satisfactory*
22 *credit ratings from nationally recognized credit rating services.*

23 (C) (i) Twelve million five hundred thousand dollars
24 (\$12,500,000) shall be reserved for downpayment assistance to
25 low-income first-time homebuyers who, as documented to the
26 agency by a nonprofit organization certified and funded to provide
27 homeownership counseling by a federally funded national
28 nonprofit corporation, ~~is~~ *are* purchasing a residence in a
29 community revitalization area targeted by the nonprofit
30 organization and who has received homeownership counseling
31 from the nonprofit organization. *Community revitalization areas*
32 *shall be limited to targeted neighborhoods identified by qualified*
33 *nonprofit organizations as those neighborhoods in need of*
34 *economic stimulation, renovation, and rehabilitation through*
35 *efforts that include increased homeownership opportunities for*
36 *low-income families.*

37 (ii) *Effective January 1, 2004, 50 percent of the funds available*
38 *pursuant to clause (i) shall be available for downpayment*
39 *assistance in an amount not to exceed 6 percent of the home sales*
40 *price.*

(iii) *After 12 months of availability, if more than 50 percent of the funds set aside pursuant to clause (ii) have been encumbered, the agency shall discontinue that program and make all remaining funds available for downpayment assistance pursuant to clause (i). If, however, less than 50 percent of the funds allocated pursuant to clause (ii) are encumbered after that 12-month period, the agency may, at its sole discretion, either make all remaining funds provided pursuant to clause (i) available for the purpose of clause (ii), or may continue to implement clause (ii) until all of the funds allocated for that purpose as of January 1, 2004, have been encumbered.*

(D) Twenty-five million dollars (\$25,000,000) shall be used for downpayment assistance pursuant to Section 51505. After 18 months of availability, if the agency determines that the funds set aside pursuant to this section will not be utilized for purposes of Section 51505, these funds shall be available for the general use of the agency for the purposes of the California Homebuyer's Downpayment Assistance Program, but may also continue to be available for the purposes of Section 51505.

(E) Funds not utilized for the purposes set forth in subparagraphs (B) and (C) within 30 months shall revert for general use in the California Homebuyer's Downpayment Assistance Program.

(8) One hundred million dollars (\$100,000,000) shall be transferred to the Jobs Housing Improvement Account to be expended as capital grants to local governments for increasing housing pursuant to enabling legislation. If the enabling legislation fails to become law in the 2001–02 Regular Session of the Legislature, the specified allocation for this program shall be void and the funds shall revert for general use in the Multifamily Housing Program as specified in paragraph (1) of subdivision (a).

(b) No portion of the money allocated pursuant to this section may be expended for project operating costs, except that this section does not preclude expenditures for operating costs from reserves required to be maintained by or on behalf of the project sponsor.

(c) The Legislature may, from time to time, amend the provisions of law related to programs to which funds are, or have been, allocated pursuant to this section for the purpose of

1 improving the efficiency and effectiveness of the program, or for
2 the purpose of furthering the goals of the program.

3 (d) The Bureau of State Audits shall conduct periodic audits to
4 ensure that bond proceeds are awarded in a timely fashion and in
5 a manner consistent with the requirements of this part, and that
6 awardees of bond proceeds are using funds in compliance with
7 applicable provisions of this part.

8 *SEC. 16. Section 53533 of the Health and Safety Code is*
9 *amended to read:*

10 53533. (a) Money deposited in the fund from the sale of
11 bonds pursuant to this part shall be allocated for expenditure in
12 accordance with the following schedule:

13 (1) Nine hundred ten million dollars (\$910,000,000) shall be
14 transferred to the Housing Rehabilitation Loan Fund to be
15 expended for the Multifamily Housing Program authorized by
16 Chapter 6.7 (commencing with Section 50675) of Part 2, except
17 for the following:

18 (A) Fifty million dollars (\$50,000,000) shall be transferred to
19 the Preservation Opportunity Fund and, notwithstanding Section
20 13340 of the Government Code, is continuously appropriated
21 without regard to fiscal years for the preservation of at-risk
22 housing pursuant to ~~enabling legislation~~ Chapter 5 (commencing
23 with Section 50600) of Part 2.

24 (B) Twenty million dollars (\$20,000,000) shall be used for
25 nonresidential space for supportive services, including, but not
26 limited to, job training, health services, and child care within, or
27 immediately proximate to, projects to be funded under the
28 Multifamily Housing Program. This funding shall be in addition
29 to any applicable per-unit or project loan limits and may be in the
30 form of a grant. Service providers shall ensure that services are
31 available to project residents on a priority basis over the general
32 public.

33 (C) Twenty-five million dollars (\$25,000,000) shall be used for
34 matching grants to local housing trust funds pursuant to ~~enabling~~
35 ~~legislation~~ Section 50843.

36 (D) Fifteen million dollars (\$15,000,000) shall be used for
37 student housing through the Multifamily Housing Program,
38 subject to the following provisions:

39 (i) The department shall give first priority for projects on land
40 owned by a University of California or California State University

campus. Second priority shall be given to projects located within one mile of a University of California or California State University campus that is suffering from a severe shortage of housing and limited availability of developable land as determined by the department. Those determinations shall be set forth in the Notice of Funding Availability and shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

(ii) All funds shall be matched on a one-to-one basis from private sources or by the University of California or California State University. For the purposes of this subparagraph, "University of California" includes the Hastings College of the Law.

(iii) Occupancy for the units shall be restricted to students enrolled on a full-time basis in the University of California or California State University.

(iv) Income eligibility pursuant to the Multifamily Housing Program shall be established by verification of the combined income of the student and his or her family.

(v) Any funds not used for this purpose within 24 months of the date that the funds are made available shall be awarded pursuant to subdivision (a) for the Downtown Rebound Program as set forth in paragraph (1) of subdivision (c) of Section 50898.2.

(E) Any funds not encumbered for the purposes set forth in this paragraph, except subparagraph (D), within 30 months of availability shall revert to the Housing Rehabilitation Loan Fund created by Section 50661 for general use in the Multifamily Housing Program.

~~(F) If the enabling legislation for any program specified in this paragraph fails to be enacted into law in the 2001-02 Regular Session of the Legislature, the specified allocation for that program shall be void and the funds shall revert for general use in the Multifamily Housing Program.~~

(2) One hundred ninety-five million dollars (\$195,000,000) shall be transferred to the Emergency Housing and Assistance Fund to be expended for the Emergency Housing and Assistance Program authorized by Chapter 11.5 (commencing with Section 50800 of Part 2).

(3) One hundred ninety-five million dollars (\$195,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be

1 expended for *supportive housing projects under* the Multifamily
2 Housing Program authorized by Chapter 6.7 (commencing with
3 Section 50675) of Part 2, to ~~be used for supportive housing~~
4 ~~projects for~~ serve individuals and households moving from
5 emergency shelters or transitional housing or those at risk of
6 homelessness. ~~The criteria for selecting projects should give~~
7 ~~priority to supportive housing for people with disabilities who~~
8 ~~would otherwise be at high risk of homelessness where the~~
9 applications represent collaboration with programs that meet the
10 needs of the person's disabilities. The department may provide for
11 higher per-unit loan limits as reasonably necessary to provide and
12 maintain rents affordable to those individuals and households. For
13 purposes of this paragraph, "supportive housing" means housing
14 with no limit on length of stay, that is occupied by the target
15 population, as defined in subdivision (d) of Section 53260, and
16 that is linked to onsite or offsite services that assist the tenant to
17 retain the housing, improve his or her health status, maximize his
18 or her ability to live, and, when possible, work in the community.

19 (4) Two hundred million dollars (\$200,000,000) shall be
20 transferred to the Joe Serna, Jr. Farmworker Housing Grant Fund
21 to be expended for farmworker housing programs authorized by
22 Chapter 3.2 (commencing with Section 50517.5) of Part 2, except
23 for the following:

24 (A) Twenty-five million dollars (\$25,000,000) shall be used
25 for projects that serve migratory agricultural workers as defined in
26 subdivision (i) of Section 7602 of Title 25 of the California Code
27 of Regulations. If, after July 1, 2003, funds remain after the
28 approval of all feasible applications, the department shall be
29 deemed an eligible recipient for the purposes of reconstructing
30 migrant centers operated through the Office of Migrant Services
31 pursuant to Chapter 8.5 (commencing with Section 50710) that
32 would otherwise be scheduled for closure due to health or safety
33 considerations or are in need of significant repairs to ensure the
34 health and safety of the residents. Of the dollars allocated by this
35 section, the department shall receive four million one hundred
36 thousand dollars (\$4,100,000) for these purposes.

37 (B) Twenty million dollars (\$20,000,000) shall be used for
38 developments that also provide health services to the residents.
39 Recipients of these funds shall be required to provide ongoing
40 monitoring of funded developments to ensure compliance with the

requirements of the Joe Serna, Jr. Farmworker Housing Grant Program. Projects receiving funds through this allocation shall be ineligible for funding through the Joe Serna, Jr. Farmworker Housing Grant Program.

(C) Any funds not encumbered for the purposes set forth in this paragraph within 30 months of availability shall revert for general use in the Joe Serna, Jr. Farmworker Housing Grant Program.

(5) Two hundred five million dollars (\$205,000,000) shall be transferred to the Self-Help Housing Fund. Notwithstanding Section 13340 of the Government Code and Section 50697.1, these funds are hereby continuously appropriated without regard to fiscal years to the department to be expended for the purposes of the CalHome Program authorized by Chapter 6 (commencing with Section 50650) of Part 2, except for the following:

(A) Seventy-five million dollars (\$75,000,000) shall be transferred to the Building Equity and Growth in Neighborhoods Fund to be used for the Building Equity and Growth in Neighborhoods (BEGIN) Program pursuant to ~~enabling legislation Chapter 4.5 (commencing with Section 50860) of Part 1.~~

(B) Five million dollars (\$5,000,000) shall be used to provide grants to cities, counties, cities and counties, and nonprofit organizations to provide grants for lower income tenants with disabilities for the purpose of making exterior modifications to rental housing in order to make that housing accessible to persons with disabilities. For the purposes of this subparagraph, “exterior modifications” includes modifications that are made to entryways or to common areas of the structure or property. The program provided for under this subparagraph shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

(C) Ten million dollars (\$10,000,000) shall be expended for construction management under the California Self-Help Housing Program pursuant to subdivision (b) of Section 50696.

(D) Any funds not encumbered for the purposes set forth in this paragraph within 30 months of availability shall revert for general use in the CalHome Program.

~~(E) If the enabling legislation for any program specified in this paragraph fails to be enacted into law in the 2001-02 Regular Session of the Legislature, the specified allocation for that~~

~~1 program shall be void and the funds shall revert for general use in
2 the CalHome Program.~~

(6) Five million dollars (\$5,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for capital expenditures in support of local code enforcement and compliance programs. This allocation shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code. If the moneys allocated pursuant to this paragraph are not expended within three years after being transferred, the department may, in its discretion, transfer the moneys to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program.

(7) Two hundred ninety million dollars (\$290,000,000) shall be transferred to the Self-Help Housing Fund. Notwithstanding Section 50697.1, these funds are hereby continuously appropriated to the agency to be expended for the purposes of the California Homebuyer's Downpayment Assistance Program authorized by Chapter 11 (commencing with Section 51500) of Part 3, except for the following:

(A) Fifty million dollars (\$50,000,000) shall be transferred to the School Facilities Fee Assistance Fund as provided by subdivision (a) of Section 51453 to be used for the Homebuyer Down Payment Assistance Program of 2002 established by Section 51451.5.

(B) Eighty-five million dollars (\$85,000,000) shall be transferred to the California Housing Loan Insurance Fund to be used for purposes of Part 4 (commencing with Section 51600). *The agency may transfer these moneys as often as quarterly in amounts that shall not exceed the dollar amount of new insurance written by the agency during the preceding quarter for both of the following:*

(i) Loans for the purchase of homes made to owner-occupant borrowers with incomes not exceeding 120 percent of the area median income.

(ii) Loans or bonds for the purpose of financing multifamily rental housing developments, where the percentage of units in each such development designated for lower income and very low income households is consistent with the requirements of Chapter 6.7 (commencing with Section 51325), divided by the

1 *risk-to-capital ratio required for the maintenance of satisfactory*
2 *credit ratings from nationally recognized credit rating services.*

3 (C) (i) Twelve million five hundred thousand dollars
4 (\$12,500,000) shall be reserved for downpayment assistance to
5 low-income first-time homebuyers who, as documented to the
6 agency by a nonprofit organization certified and funded to provide
7 homeownership counseling by a federally funded national
8 nonprofit corporation, ~~is~~ *are* purchasing a residence in a
9 community revitalization area targeted by the nonprofit
10 organization and who has received homeownership counseling
11 from the nonprofit organization. *Community revitalization areas*
12 *shall be limited to targeted neighborhoods identified by qualified*
13 *nonprofit organizations as those neighborhoods in need of*
14 *economic stimulation, renovation, and rehabilitation through*
15 *efforts that include increased homeownership opportunities for*
16 *low-income families.*

17 (ii) *Effective January 1, 2004, 50 percent of the funds available*
18 *pursuant to clause (i) shall be available for downpayment*
19 *assistance in an amount not to exceed 6 percent of the home sales*
20 *price.*

21 (iii) *After 12 months of availability, if more than 50 percent of*
22 *the funds set aside pursuant to clause (ii) have been encumbered,*
23 *the agency shall discontinue that program and make all remaining*
24 *funds available for downpayment assistance pursuant to clause*
25 *(i). If, however, less than 50 percent of the funds allocated pursuant*
26 *to clause (ii) are encumbered after that 12-month period, the*
27 *agency may, at its sole discretion, either make all remaining funds*
28 *provided pursuant to clause (i) available for the purpose of clause*
29 *(ii), or may continue to implement clause (ii) until all of the funds*
30 *allocated for that purpose as of January 1, 2004, have been*
31 *encumbered.*

32 (D) Twenty-five million dollars (\$25,000,000) shall be used
33 for downpayment assistance pursuant to Section 51505. After 18
34 months of availability, if the agency determines that the funds set
35 aside pursuant to this section will not be utilized for purposes of
36 Section 51505, these funds shall be available for the general use
37 of the agency for the purposes of the California Homebuyer's
38 Downpayment Assistance Program, but may also continue to be
39 available for the purposes of Section 51505.

1 (E) Funds not utilized for the purposes set forth in
2 subparagraphs (B) and (C) within 30 months shall revert for
3 general use in the California Homebuyer's Downpayment
4 Assistance Program.

5 (8) One hundred million dollars (\$100,000,000) shall be
6 transferred to the Jobs Housing Improvement Account to be
7 expended as capital grants to local governments for increasing
8 housing pursuant to enabling legislation. If the enabling
9 legislation fails to become law in the 2001–02 Regular Session of
10 the Legislature, the specified allocation for this program shall be
11 void and the funds shall revert for general use in the Multifamily
12 Housing Program as specified in paragraph (1) of subdivision (a).

13 (b) No portion of the money allocated pursuant to this section
14 may be expended for project operating costs, except that this
15 section does not preclude expenditures for operating costs from
16 reserves required to be maintained by or on behalf of the project
17 sponsor.

18 (c) The Legislature may, from time to time, amend the
19 provisions of law related to programs to which funds are, or have
20 been, allocated pursuant to this section for the purpose of
21 improving the efficiency and effectiveness of the program, or for
22 the purpose of furthering the goals of the program.

23 (d) The Bureau of State Audits shall conduct periodic audits to
24 ensure that bond proceeds are awarded in a timely fashion and in
25 a manner consistent with the requirements of this part, and that
26 awardees of bond proceeds are using funds in compliance with
27 applicable provisions of this part.

28 *SEC. 17. Section 16 of this bill incorporates amendments to*
29 *Section 53533 of the Health and Safety Code proposed by both this*
30 *bill and AB 1475. It shall only become operative if (1) both bills*
31 *are enacted and become effective on or before January 1, 2004, (2)*
32 *each bill amends Section 53533 of the Health and Safety Code, and*
33 *(3) this bill is enacted after AB 1475, in which case Section 15 of*
34 *this bill shall not become operative.*